

Southern Cross Unit Agreement

EXHIBIT "G"

INITIAL UNIT PLAN

Buccaneer Alaska, LLC ("Buccaneer"), as a result of the detailed petrophysical, geophysical and engineering analysis performed on existing wells on the Southern Cross structure and interpretation of approximately 180 miles of 2D Seismic Data and 51 square miles of 3D Data, has identified a potentially commercial accumulation of hydrocarbons on the northern end of the Middle Ground Shoal structure and approximately 2-5 miles north of the Baker Platform in the Middle Ground Shoal Field. The Southern Cross Prospect is a northward continuation of the Middle Ground Shoal field, a tight fold with dips up to and perhaps beyond 90 degrees on the west flank. A dual streamer 3D was recorded in 1998 over this prospect by Force Energy (currently Cook Inlet Energy). Buccaneer has recently entered into a Data License Agreement to access this data. Playing off of the Pan Am MGS 18743#1 well, the project targets gas in the Tyonek formation and oil in the Hemlock formation. Buccaneer intends to drill the first well to the Pre-Tertiary formation. The complex structuring may have resulted in outstanding secondary porosity, particularly in the Hemlock. Water depths over the accumulation average 20-30 feet. Buccaneer has 100% Working Interest in five (5) leases in the proposed Southern Cross Unit which comprise a total of approximately 10,109 acres. These five (5) leases cover the majority of the remaining reserves on the Middle Ground Shoal Structure.

Buccaneer, proposes an initial five-year (5-Year) Plan of Exploration (Initial Unit Plan) for the Southern Cross Unit. During the term of this Initial Unit Plan, Buccaneer, in its capacity as the Southern Cross Unit Operator, plans to (1) continue the permitting process for the drilling of the Southern Cross No. 1 well, (2) reprocess the 3D seismic covering the Southern Cross Leases, (3) commence drilling the Southern Cross No. 1 Well to delineate the accumulation, (4) if data indicates it to be appropriate, perform extended tests on the Hemlock-Pre-Tertiary formation, (5) if data indicates it to be appropriate, drill the Southern Cross No. 2 Well to further delineate the accumulation, (6) submit an application for approval of an Initial Participating Area (Initial PA) within the Southern Cross Unit, and (7) commence construction of pipelines and other infrastructure to allow commercial oil and gas production.

As justification of an extension beyond the end of the primary term of Leases ADL390370 and, ADL390379, from September 30, 2010, Buccaneer as the Southern Cross Unit Operator will undertake the following exploration plan:

Year1/Year2: Within the first two years of this Initial Unit Plan, before **September 30, 2012**, the Southern Cross Unit Operator will commit to and drill an Initial Well within the Unit Area.

- I. By **September 30, 2011**, the Unit Operator will :
 - a. obtain all necessary permits to allow for the drilling of a well in the Southern Cross Unit;
 - b. reprocess the 3D data; and

- c. provide evidence of a rig/drilling commitment by the Unit Operator that would enable the Unit Operator to drill a well within the Southern Cross Unit not later than September 30, 2012.
- II. By **September 30, 2012** the Unit Operator will drill an Initial Well that meets the following minimum criteria:
 - a. Drill a well to the Pre-Tertiary interval stratigraphically equivalent to the Jurassic interval from 9042' MD to TD in the Shell MGS SRS Ste. #1 well;
 - b. Drill to a bottom hole location within either, ADL 17595-2 or ADL 391108;
 - c. Log the well (GR or SP, Resistivity and neutron/Density or Porosity: appropriate triple combo log); and
 - d. Complete, suspend, or abandon the well.
- III. If the Unit Operator fails to provide evidence by **September 30, 2011** satisfactory to the Commissioner of its commitment to drill the 1st Initial Well as described in Section I above by **September 30, 2012**:
 - a. The Southern Cross Unit will automatically terminate;
 - b. ADL 390379 and ADL 390370 will expire; and
 - c. The Unit Operator and the Working Interest Owners will be released from all further obligations in this Initial Unit Plan.
- IV. If the Unit Operator fails to drill the 1st Initial Well described in Section II above, by **September 30, 2012**:
 - a. The Southern Cross Unit will terminate;
 - b. ADL 390379 and ADL 390370 will expire;
 - c. The Working Interest Owners will pay the State of Alaska a payment equal to \$10/acre x expired State Lease acreage within the Southern Cross Unit; and
 - d. The Unit Operator and the Working Interest Owners will be released from all further obligations.

Year 3: During the third year of this Initial Unit Plan, before **September 30, 2013**, if the Southern Cross Unit has not been terminated pursuant to this Initial Unit Plan, the Unit Operator will determine through well test data that the Tyonek-Hemlock-Pre Tertiary interval is commercial and seek to obtain approval of a Participating Area within the Southern Cross Unit.

I Following completion of the 1st Initial Well, if drilling data indicates it to be appropriate, the Unit Operator will test the Tyonek-Hemlock-Pre Tertiary interval in the Initial Well.

II. If warranted by well test data, the Unit Operator will confirm through extended testing of the Initial Well if commercial quantities of oil are present within the Tyonek-Hemlock-Pre Tertiary interval;

III. The Unit Operator will submit by **September 30, 2013** an application containing all information necessary to obtain approval from the proper authorities to establish a Participating Area (PA) within the Southern Cross Unit.

V. If the Unit Operator fails to submit a complete application by **September 30, 2013** to establish a PA within the Southern Cross Unit, containing all information necessary to obtain approval from the proper authorities:

- a. The Southern Cross Unit will automatically terminate;
- b. ADL 390379 and ADL 390370 will expire effective **October 1, 2013**;
- c. The Unit Operator and the Working Interest Owners will be released from all further obligations.

Year 4: During the fourth year of this Initial Unit Plan, before **September 30, 2014**, the Unit Operator plans to consider drilling a 2nd Initial Well within the Southern Cross Unit or shoot a new 3-D seismic survey. The Unit Operator will submit a revised Initial Unit Plan that will include Plan of Development describing activities to be conducted on lands within the PA and a Plan of Exploration describing exploration activities to be conducted on lands not within any PA in the Unit Area during the remaining two years of the Initial Unit Plan.

Year 5: During the fifth year of this Initial Unit Plan, before **September 30, 2015**, the Unit Operator will submit the necessary applications to obtain approvals, including a plan of operation that will allow construction of pipelines and infrastructure to permit commercial production oil from the Southern Cross Participating Area(s).

Initial Unit Plan General Provisions:

- I. If the Southern Cross Unit terminates for failure to fulfill any of the commitments in this Initial Unit Plan, the Working Interest Owner(s) will automatically surrender all expired State acreage within the Unit Area, effective the day the Unit terminates.
- II. After fulfilling all of the obligations in this Initial Unit Plan, any Tract not having a portion of the Lease included in an approved Participating Area by September 30, 2015 shall contract out of the Unit Area, unless there is a well certified capable of producing in paying quantities located on that Tract, and all portions of the Lease remaining in the Unit Area shall be subject to the terms and provisions of the Southern Cross Unit Agreement.
- III. If acreage contracts out of the Southern Cross Unit area for failure to fulfill any of the commitments in this Initial Unit Plan, the Working Interest Owner(s) shall automatically surrender all expired State acreage that contracts out of the Southern Cross Unit, effective the day the Unit contracts. The Commissioner may delay contraction of the Unit area if warranted.